

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2996 – SB 3088

March 17, 2010

**SUMMARY OF AMENDMENT (015079):** Requires state-mandated tests to be conducted on May 1<sup>st</sup> or thereafter each school year. This will affect the Gateway and Tennessee Comprehensive Assessment Program (TCAP) tests. Requires the Department of Education (DOE) to issue adequate yearly progress (AYP) reports for schools and local education agencies (LEAs) on or before the fourth Monday of July each year. Requires LEAs to issue school choice options no later than five business days after the fourth Monday in July. Requires parents to have at least 10 business days to exercise school choice options. Requires LEAs to give transportation and school assignment information to students by the third Monday in August. Prohibits schools from scheduling an open house less than three days after the date that students have received notices of school assignments. Prohibits high school athletes from being penalized if the athlete does not attend summer practices or training if the student was eligible for school choice due to a school's failure to make AYP. Effective in the 2010-2011 school year, LEAs shall not begin school earlier than the fourth Monday in August, unless the LEA is operating according to a year-round school calendar prior to July 1, 2010 and has received assurance from DOE that federal AYP reporting requirements for the LEA can be met.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$8,500,000/One-Time  
\$37,260,000/Recurring

Increase Local Expenditures - \$4,080,000/One-Time  
\$32,580,000/Recurring

Other Fiscal Impact – According to the Department of Education (DOE), federal Title I money may be jeopardized as a result of administering additional summer testing since the state will be unable to meet its reporting deadline. Such a loss is unable to be reasonably quantified; LEAs receive approximately \$250,000,000 in Title I money annually.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures – \$39,428,500/FY10-11  
\$10,236,800/FY11-12 and Subsequent Years**

**Increase Local Expenditures – \$5,000,000/FY11-12 and Subsequent Years\***

**Other Fiscal Impact – According to the Department of Education, federal Title money may be jeopardized as a result of administering tests on or after May 1 if the state is unable to meet its federal reporting deadline. Such a loss is unable to be reasonably quantified; LEAs receive approximately \$250,000,000 Title I money annually.**

Assumptions applied to amendment:

- In order to meet the deadlines imposed by the amendment, DOE will update six regional scanning sites and move approximately 1,000 schools to an on-line testing format.
- State expenditures for initial LEA infrastructure upgrades for 1,000 schools will cost approximately \$30,000 per school; total cost of approximately \$30,000,000 (1,000 x \$30,000). In subsequent years, LEAs will be responsible for on-going maintenance costs, estimated to be approximately \$5,000 per school; total increase in local expenditures of approximately \$5,000,000 (1,000 x \$5,000) in FY11-12.
- Cost for on-line tests will be approximately \$9.75 per student for approximately 58% of all students (539,400) in FY10-11 and moving to 100% (930,000) tested on-line in FY11-12 and subsequent years. Increases in state expenditures for on-line tests in FY10-11 will be approximately \$5,259,150 (\$9.75 x 539,400). The increase in state expenditures in FY11-12 and subsequent years will be approximately \$9,067,500 (\$9.75 x 930,000).
- The state will purchase approximately two scanners for six regional sites at a cost of approximately \$500,000 per site for scanner purchases (\$250,000 per scanner and subsequent equipment). Increase in state expenditures in FY10-11 for this purchase will be approximately \$3,000,000 (\$500,000 x 6).
- The state will hire approximately 19 employees at a cost of approximately \$42,000 in salary and \$14,280 in benefits per employee. Total state cost for staff in FY10-11 and subsequent years will be approximately \$1,069,320 (19 staff x \$56,280). Training and continual equipment maintenance will cost approximately \$100,000 per year. Total staffing and training costs of \$1,169,320 (\$1,069,320 + \$100,000).
- Total increase in state expenditures in FY10-11 will be approximately \$39,428,470 (\$30,000,000 + \$5,259,150 + \$3,000,000 + \$1,169,320).
- Total increase in state expenditures in FY11-12 and subsequent years will be approximately \$10,236,820 (\$9,067,500 + \$1,169,320).

- Though Title I funding is made available on July 1, it is not finalized with the federal government until October when the new federal fiscal year begins. If an LEA is determined to be failing AYP after the Title I money is released, the state will have to make adjustments and effectively take money away. LEAs receive approximately \$250,000,000 annually in Title I money.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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